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Product Brief

Almonds

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Report Highlights: Consumption of almonds in the Czech Republic has tripled in the last eight years to around 1,500 MT and the United States now has around a 90% market share. There are no import duties or trade barriers to almonds. By focusing on retail sales, U.S. exporters can expect to see yet more market growth.

Includes PSD changes: No
Includes Trade Matrix: No
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Product Brief - Almonds

SECTION I. MARKET OVERVIEW

- ! The Czech Republic does not grow almonds, therefore total imports equals total market size.
- ! Imports of almonds have tripled from 426 MT in 1993 to 1,447 MT in 2000.
- ! Yearly imports in 1999 and 2000 were around 1,500 MT, which is a 65% increase compared to the two previous years.
- ! The 2000 decrease in consumption is attributable to a decline in almond use by the food processing sector. Use is declining because the high U.S. dollar make almonds expensive.
- ! The U.S. share of total imports increased from 40% in 1993 to 90% in 2000.
- ! 90% of almonds are sold through retailers, mostly through new hypermarket chains which sell dried fruits and nuts by weight. More traditional supermarkets sell almonds mostly in 60g, 75g, 100g or 200g bags.
- ! The hotel, restaurant, and institution (HRI) sector does not use large quantities of almonds. These businesses also tend to buy in cash and carry stores (e.g., the Dutch chain Makro) or in large hypermarkets
- ! The food processing, bakery, and confectionary industries are using less almonds than a few years ago and are turning to cheaper almond substitutes (e.g., artificial flavorings, other nuts).

Advantages	Challenges
A decrease in world prices for almonds	Strong U.S. dollar (40CZK/1USD, a 10% increase in the past 6 months)
New state-of-the-art hypermarkets do a good job of displaying and selling dried fruits and nuts by weight (in regular supermarkets nuts are only sold in 60g, 75g, 100g or 200g bags)	Retailers push for the lowest prices and they prefer cheaper, lower quality almonds
Import statistics show an increase in the U.S. share of total almond imports	The processing industry is using almond substitutes (e.g. cheaper walnut meal on cakes) because of the high U.S. dollar

The following tables list countries that export almonds (in shell and shelled) to the Czech Republic (data for Germany and Netherlands show re-exports of unknown origin):

HS 080211 Almonds, in shell, fresh or dried

	1999			2000	
Country	MT	1,000 USD	Country	MT	1,000 USD
U.S.	67	266	U.S.	57	158
Spain	3	11	Italy	3	3
France	0.4	1	Brazil	1.3	2
Total	71	277	Total	62	164

HS 080212 Almonds, fresh or dried, shelled or peeled

	1999			2000	
Country	MT	1,000 USD	Country	MT	1,000 USD
U.S.	1,324	4,249	U.S.	1,300	3,820
Spain	136	431	Spain	92	290
Germany	41	139	Germany	42	119
Turkey	20	75	Malaysia	5	4
Netherlands	6	20	France	4	11
Total	1,532	4,931	Total	1,447	4,261

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

As mentioned in Market Overview, the HRI sector purchases almonds mainly in cash and carry or large retail stores. The food processing sector is increasingly using substitutes because of the high U.S. dollar. The analysis below is therefore focused on retailers.

Entry Strategy

- ! Dried fruits and nuts are generally imported by small independent companies, which sell directly to the retail sector (representing about 80% of total sales). These same companies also serve the HRI sector (about 20% of total sales - mostly small bakeries and confectioners).
- ! U.S. exporters may receive a list of Czech almond imports by contacting the FAS Prague office at the address below.

Market Size, Structure, Trends

- ! The Czech Republic is roughly a \$5 million almond market.
- ! Almonds are sold throughout the year.
- ! Sales increase before Christmas since almonds are used for home baked cookies and pastries or consumed whole as a seasonal snack food.
- ! Retailers have extensive produce sections with a large variety of nuts (walnuts, hazelnuts, peanuts, Brazil nuts, cashews, pistachios, pecans, chestnuts) sold by weight.
- ! Prepacked snacks of dried fruits and nuts are sold in hypermarkets as well as in supermarkets and health food stores.
- ! A variety of loose dried fruits and nuts are sold at outdoor produce markets, which are quite popular in the Czech Republic.

Retail Company Profiles

Sales numbers and numbers of outlets are from 2000.

Retailer Name	Owner-ship	Sales (\$ Million)	No. of Outlets	Locations	Purchasing Agent Type
Makro	Dutch	\$687	9	larger cities	cash and carry
Ahold (Hypernova hypermarkets, (Albert supermarkets)	Dutch	\$586	19 HM 154 SM	hypermarkets in larger cities, supermarkets also in smaller cities	retailer
Kaufland, hypermarkets	German	\$475	34	mid-size cities	retailer
Tesco Stores, hypermarkets, supermarkets	U.K.	\$325	6 HM 6 SM	larger cities, supermarkets (within department stores) also in smaller cities	retailer, direct U.S. imports through Wakefern, NJ company)
Delvita, supermarkets	Belgium	\$302	98	large and small cities	retailer
Globus, hypermarkets	German	\$300	9	larger cities	retailer
Julius Meinl, supermarkets	Austrian	\$182	82	large and small cities	retailer
Carrefour, hypermarkets	French	\$150	6	large cities	retailer

SECTION III. COSTS AND PRICES

- The tariff rate for imported almonds is zero and there are no other import duties.
- The value added tax on almonds (VAT) is 5% - there are no other taxes.
- The importers' mark-up averages 10 - 15%; retail mark-ups average 20 - 30%.
- Importers have to pay retailers slotting fees for shelf space (usually several hundred dollars per item per store).
- Importers also provide price discounts for in-store promotions and pay for pictures and space in a store's promotion flyers and mailers (flyers are the most common form of supermarket advertising).
- The wholesale price for 1kg of blanched, roasted, salted almonds is around \$4.50.

SECTION IV. MARKET ACCESS

- An import license for almonds is not required.
- There is no import quota or excise tax on almonds.
- There are no special U.S. export documents or certificates required for the Czech Republic.

Packaging and Label Requirements:

- Label and packaging requirements are listed in Law 110/97 on foodstuffs and tobacco products, as amended. Special commodity requirements for nuts are covered in Decree 92/2000. These regulations are available in English on the Internet at www.czpi.cz.

Product labels must include:

- The name and address of the producer.
- The name of almond group and subgroup according to Decree 92/2000 (see table below).
- Net weight (g, kg).
- Expiration date (day, month, year).
- Storage information.
- Ingredients, including food additives.
- Country of origin.
- Information on radiation treatment.

Note: Nutritional information on the label is not required.

Almond physical and chemical quality requirements according to Decree 92/2000:

Group	Subgroup	Max. water content in % of weight		Max. other ingredients in % of weight
		whole nuts	kernels	
sweet almonds	in shell	9.0		0.4
	kernels		6.5	0.1

Almonds can be imported with U.S. labels or unlabeled, but before distribution they must have a label in the Czech language that includes the above listed information. Many imported food products have PC-generated Czech language attached and consumers are accustomed to seeing to 're-labeled' products.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION**Post information:****FAS Prague Office**

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